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BALDWIN • LIMA • HAMILTON

Annual Report

1957

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BALDWIN-LIMA-HAMILTON CORPORATION

EXECUTIVE OFFICES—PHILADELPHIA NATIONAL BANK BUILDING
PHILADELPHIA 7, PA.

BOARD OF DIRECTORS

HENRY F. BARNHART	<i>Lima, Ohio</i>
H. E. COOMBE	<i>Cincinnati, Ohio</i>
JOSEPH N. EWING	<i>Valley Forge, Pennsylvania</i>
EDWARD HOPKINSON, JR.	<i>Chestnut Hill, Pennsylvania</i>
MCCLURE KELLEY	<i>Glen Moore, Pennsylvania</i>
ERWIN LOEWY	<i>New York, New York</i>
JAMES H. MCGRAW, JR.	<i>New York, New York</i>
FREDERIC A. POTTS	<i>Ambler, Pennsylvania</i>
WILLIAM WOOD PRINCE	<i>Chicago, Illinois</i>
GEORGE A. RENTSCHLER	<i>New York, New York</i>
WALTER A. RENTSCHLER	<i>Hamilton, Ohio</i>
JOHN J. ROWE	<i>Cincinnati, Ohio</i>
LOUIS FENN SPERRY	<i>Scarsdale, New York</i>
MILTON STEINBACH	<i>New York, New York</i>
RALPH K. STILES	<i>Hillsborough, California</i>
JAMES M. WHITE	<i>Scarsdale, New York</i>
PERRY A. WHITE	<i>Wallingford, Pennsylvania</i>

EXECUTIVE OFFICERS

GEORGE A. RENTSCHLER	<i>Chairman of the Board</i>
MCCLURE KELLEY	<i>President</i>
JAMES M. WHITE	<i>Vice President—Manufacturing</i>
ANDREW LISTON	<i>Vice President—Sales</i>
R. NEVIN WATT	<i>Vice President and Assistant to the President</i>
CHARLES E. ACKER	<i>Vice President, Secretary and Treasurer</i>
ROBERT P. BAUER	<i>General Controller</i>

TRANSFER AGENTS

IN PHILADELPHIA	<i>Fidelity-Philadelphia Trust Company</i>
IN NEW YORK	<i>Bankers Trust Company</i>
IN CINCINNATI	<i>The Fifth Third Union Trust Company</i>

REGISTRARS

IN PHILADELPHIA	<i>The First Pennsylvania Banking and Trust Company</i>
IN NEW YORK	<i>The First National City Bank of New York</i>
IN CINCINNATI	<i>The Central Trust Company</i>

HIGHLIGHTS

	<u>1957</u>	<u>1956</u>
Net sales.....	\$184,400,000	\$195,300,000
Net income.....	\$6,431,000	\$3,732,000
Per share.....	\$1.48	\$.86
Cash dividends declared.....	\$2,175,000	\$1,737,000
Per share.....	\$.50	\$.40
Shareholders' book equity.....	\$112,425,000	\$108,085,000
Per share.....	\$25.83	\$24.88
Working capital.....	\$72,276,000	\$67,805,000
Per share.....	\$16.61	\$15.61
Additions and improvements to facilities.....	\$4,711,000	\$3,326,000
Depreciation and amortization charged to income...	\$3,397,000	\$3,677,000
Orders received.....	\$186,366,000	\$197,727,000
Orders unfilled.....	\$87,149,000	\$95,172,000
Number of shares outstanding at end of year.....	4,351,985	4,343,585
Number of shareholders.....	21,163	21,109
Number of employees.....	10,174	12,111

TO THE SHAREHOLDERS:

The net income of Baldwin-Lima-Hamilton Corporation for the year 1957 amounted to \$6,430,545, or \$1.48 a share compared with net income for the year 1956 of \$3,731,913, or 86¢ per share.

Dividends in the amount of \$2,175,233, or 50¢ per share were declared in 1957. In 1956 dividends amounting to \$1,737,434, or 40¢ per share were declared.

On page one of this Report under the caption "HIGHLIGHTS" are set forth certain salient facts pertaining to the Company. To comment briefly on these:

Management has followed its basic program of centralized executive policy and decentralized administration. It has practically overcome long standing problems in connection with extremely excessive and out-moded plants. Unnecessary land, buildings and certain machinery have been turned into cash. Money has also been generated through increased earnings. Despite decreased sales, our earnings benefited on account of the program of plant contraction and more efficient operations. Inventories were lowered and bank loans also were reduced from \$18,500,000 at January 1 to \$2,000,000 at the year-end, in spite of the fact receivables rose as credit demand increased.

Properties and plants have been well maintained. For example, the new electric furnace at Standard Steel, previously reported upon, has been placed in operation. This furnace will allow us to make certain new and complicated alloys, and should be most economical in short run mixes. A new car wheel finishing machine setup and a new Vacu-Blast have also been ordered recently. These improvements should result in more economical operation.

At Eddystone new heating facilities have been provided to take care of our contracted facilities, and more efficient methods have been adopted for our smaller power requirements.

These are but a few instances of the many modernizations carried out in all of the divisions. New engineering and research were vigorously pursued throughout the year. Our work in connection with nuclear power shows progress and several of our divisions have made important contributions in the guided missile field.

It is difficult for this Company, as for most of American industry, accurately to forecast the year ahead. We have a comfortable backlog but we realize nevertheless, that it must gradually diminish if not constantly augmented. Our engineering reflects the highest technical standards. Our properties, now modernized and efficient,

are in good shape. Our personnel is young, aggressive and experienced. We feel that we have prepared soundly for the future.

Yet it is not untimely to refer to our Annual Message of one year ago which concluded with this statement: "However, as regards the economy as a whole, we feel that the matter of annual wage increase without corresponding improvement in productivity is certainly a threatening cloud on the business horizon. In our opinion, this contributes to dollar erosion. We do not feel that inflation can be held in check by simply managing currency."

At this writing, this problem remains one of vital consequence to the entire nation and, therefore, to its economy. Inflationary demands, too often without regard to a balance in productivity, are again in the headlines, at a time when demand for products, on a nation-wide scale, has lessened, competition has intensified, credit demands are increasing, and order bookings are seeing a gradual monthly drop.

This corporation is owned by some 21,000 shareholders, who provide the wherewithal—the land, buildings, tools—to make possible continuing work for approximately 10,000 employees. Our shareholders, in addition, contribute through their taxes to the nation, to the states and to the cities in which we operate. We urge that each give careful consideration to this recurring problem. On it may rest the nation's future well-being.

MCCLURE KELLEY
President

GEORGE A. RENTSCHLER
Chairman of the Board

March 7, 1958

Herewith follow comments of the various Division Administrators with respect to their activities in the year 1957.

EDDYSTONE DIVISION

EDDYSTONE, PENNSYLVANIA

Perry A. White, *Vice President and General Manager*

PRODUCTS

Commercial Weldments and Fabrication • Diesel Engines • Water Power Turbines
Dump Cars • Brass and Bronze Castings • Ship Propellers
Diesel Renewal Parts • Equipment for
Nuclear Development

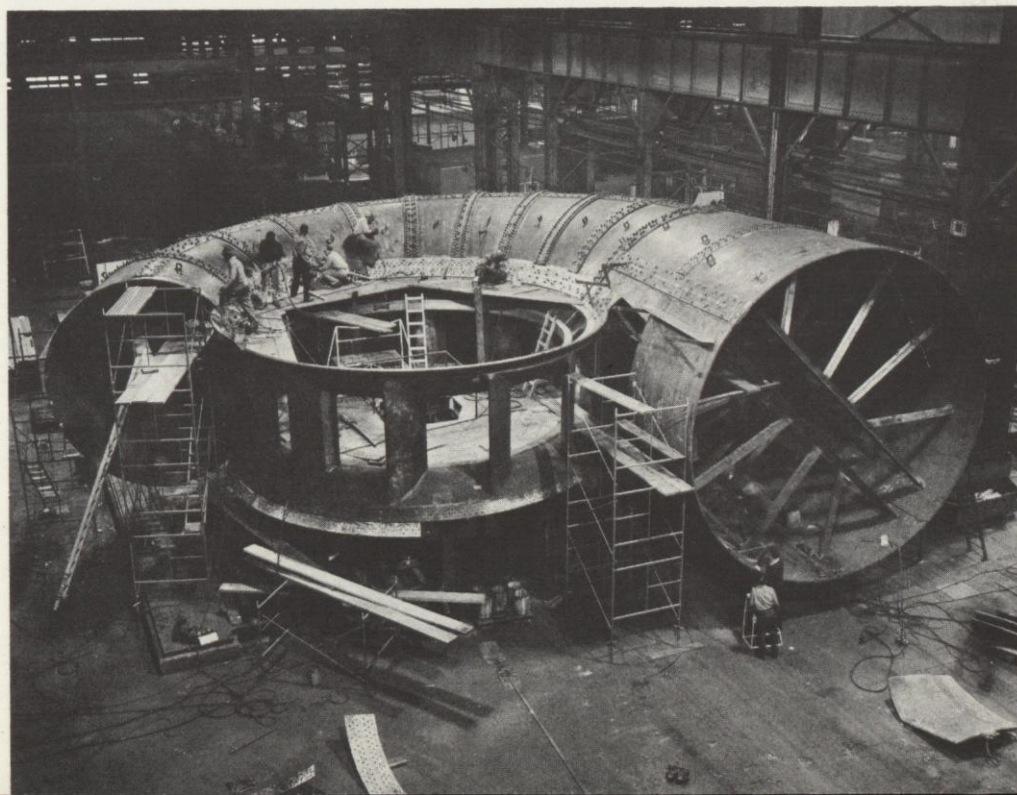
Major physical changes were completed this year at the Eddystone Plant. Manufacturing operations are now concentrated in the Fabrication and Southwark Shops. The non-ferrous foundry has been rehabilitated to provide an excellent facility for making the very largest propellers, as well as smaller brass castings. A new unit heating system has recently been installed, eliminating the costly boiler plant previously used.

This Division has been busily engaged in the construction of structural steel bridges and large sized turbines throughout the year. Orders were received for seven 200,000 h. p. turbines for the Niagara Project of the New York Power Authority, as well as for two 55,000 h. p. turbines for the Karnafuli Dam in Pakistan. Work on this machinery will continue throughout 1958 and 1959.

The nation's shipbuilding program has resulted in substantial propeller orders. Eddystone is also furnishing various components for use in the Government's missile program, as well as for its nuclear energy requirements. This experience should stand us in good stead in the future.

A year ago, we wrote that we believed that we were on the right track at Eddystone, and that the present year would mark the turning point. This point has now been reached, and passed.

Partial assembly in Eddystone shops of spiral case for 90,000 h.p. hydraulic turbine for installation in Garrison Dam, Riverdale, North Dakota.



HAMILTON DIVISION

HAMILTON AND MIDDLETOWN, OHIO

Walter A. Rentschler, *Vice President and General Manager*

PRODUCTS

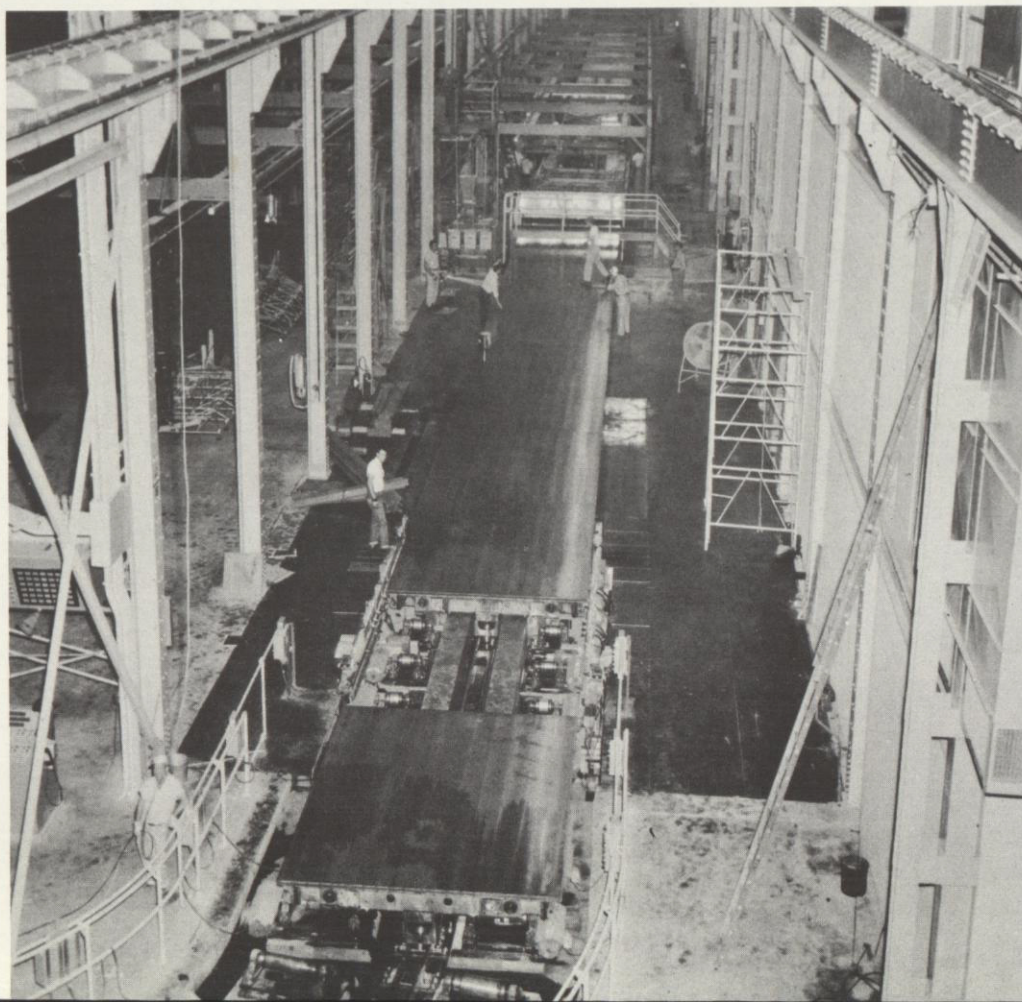
Forming and Stamping Presses • Mechanical and Hydraulic Presses • Compacting Presses • Industrial and Railroad Machine Tools • Hamilton Diesel Engines
Can Making Machinery • Glass Grinding and Polishing Machinery
Heavy Iron Castings • Weldments

At mid-year, Hamilton completed the grinding and polishing machinery for the Ford Motor Company's new glass plant, one of the largest installations in the world.

This Division further extended its line of Hamilton can making machinery, which has received wide acceptance in the packaging field.

Sales of heavy machine tools, such as large vertical mills and lathes, were at a satisfactory rate during the year. However, the automotive industry, the backbone of mechanical press procurement, has practically ceased purchasing this kind of equipment with, of course, adverse results to the Hamilton Division. A counter-acting factor has been the transfer of the manufacture of hydraulic and compacting presses from Eddystone to Hamilton early in the year. The demand for this kind of equipment has helped alleviate the dearth of automotive business.

Research continued with the free piston engine and its commercial possibilities are being studied. While we recognize that modern diesel and gas engines are highly efficient, it would seem that there are interesting applications for the free piston principle.



Partial view of plate glass line designed and built by the Hamilton Division for the Ford Motor Company. This double line is believed to be one of the largest in the world.

LOEWY-HYDROPPRESS DIVISION

111 FIFTH AVENUE, NEW YORK 3, N. Y.

Erwin Loewy, *Vice President and General Manager*

Hugo Lorant, *Vice President*

PRODUCTS

FOR FERROUS AND NON-FERROUS METALS

Hot and Cold Rolling Mills • Forging and Extrusion Presses • Heavy Hydraulic Machinery • Pipe Testers • Pumps • Accumulators • All Steel Mill Equipment

INDUSTRIAL ENGINEERING

Engineering Surveys • Complete Metalworking Plants • Automated Weighing, Stenciling and Handling Equipment for Pipe and Steel Mills

MISSILE HANDLING AND LAUNCHING SYSTEMS

This Division maintained its position as a foremost designer of heavy machinery. A continuing program of progressive research to meet ever-changing conditions and needs resulted in the largest bookings in this Division's history.

Significant new orders received during the year include a fully integrated steel mill for erection in the Philippines; a complete rolling mill installation comprising a hot mill, cold mill, and a foil mill for processing aluminum, and several steel extrusion and forging press installations. A complete redesign of our smaller extrusion presses resulted in orders for twelve such presses during the year.

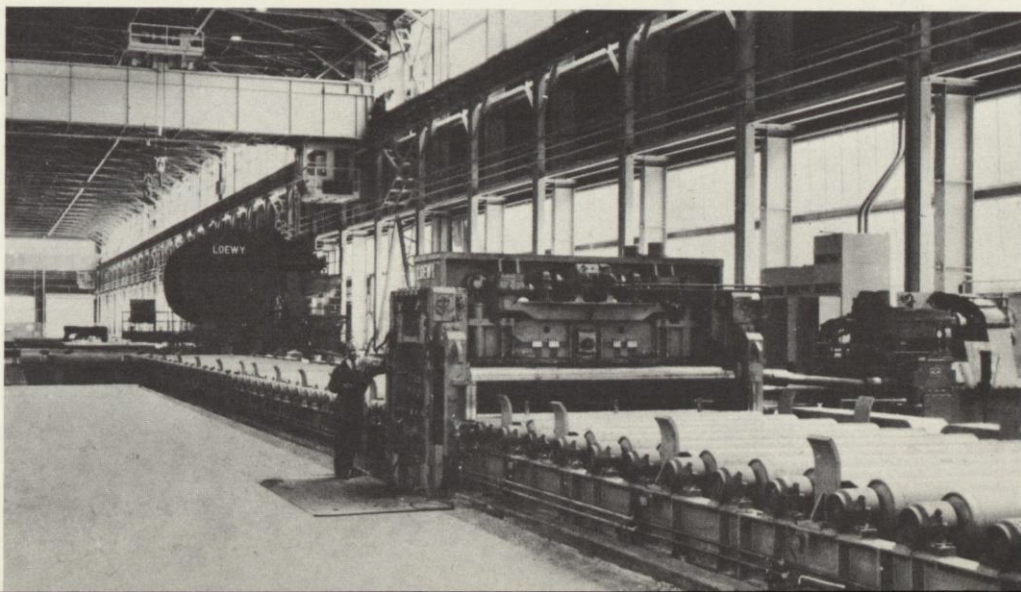
Of considerable importance is the Division's continued progress in the nation's missile program. During the year this Division was awarded a contract for the design of shipboard missile launching equipment.

Several projects were put on an operational basis during the year that we believe are worthy of mention. Foremost among these were four unique mills supplied to the Atomic Energy Commission for processing very difficult metal alloys. Creating broad interest in the tube mill industry was the installation of a fully automatic stenciling and weighing machine. Also an 8,000 ton aluminum plate stretcher was installed at the Davenport, Iowa, works of the Aluminum Company of America.

In process of erection is the world's largest crankshaft forging press which will go into operation in 1958. Of particular interest to the Steel Industry is an electrically operated high-speed structural mill shearing installation which has been developed for highest production and is now in course of manufacture for one of the large mills in the Chicago district.

The foreign market has been an important factor in new orders for 1957. Loewy engineering skill has expanded its overseas recognition, twenty foreign countries being represented in 1957 shipments.

Shearing and leveling line designed and built by Loewy-Hydropress Division for Lukens Steel Company. The 800-ton capacity shear is one-man operated and capable of cutting up to 1¼" alloy steel plate.



STANDARD STEEL WORKS DIVISION

BURNHAM, MIFFLIN COUNTY, PA.

John D. Tyson, *Vice President and General Manager*

PRODUCTS

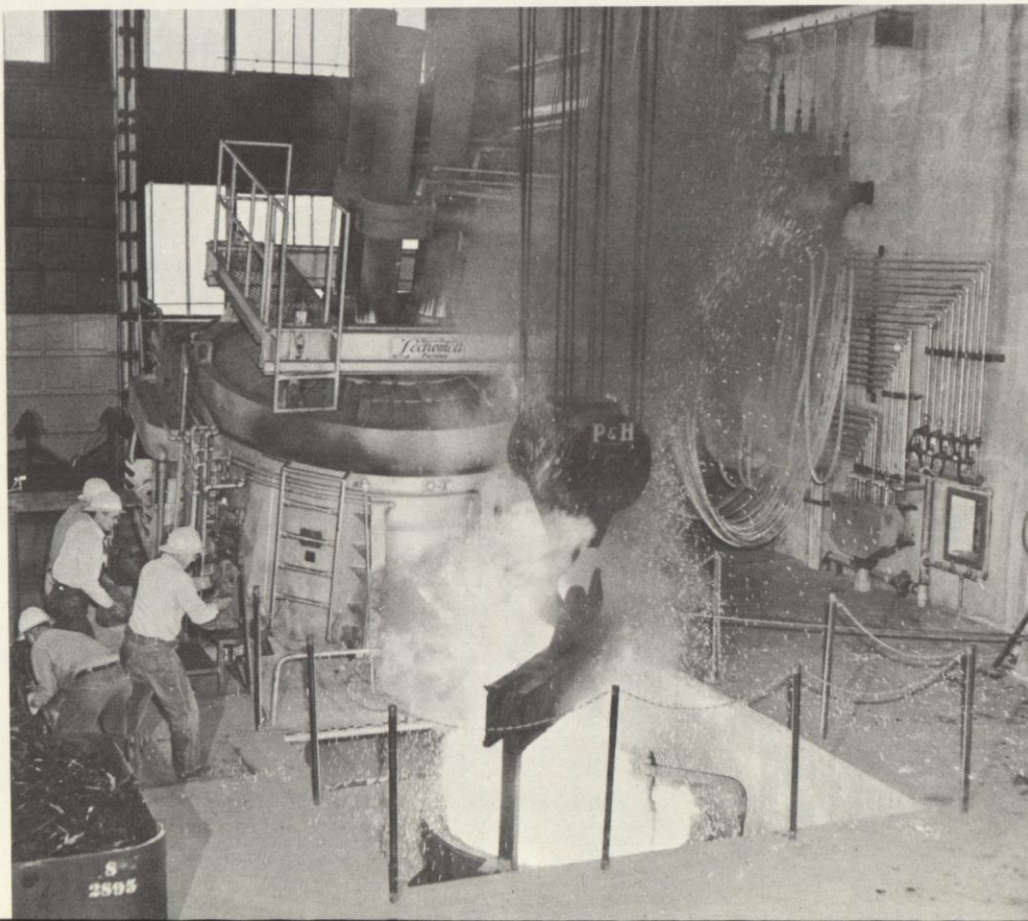
Steel Forgings • Steel Castings • Steel Tires • Wrought Steel Wheels • Steel Springs
Weldless Rings and Flanges

For the first three-quarters of the year bookings and shipments held at the same high levels enjoyed in previous months. However, during the last quarter both bookings and shipments fell off, with the result that new orders and shipments for the year were slightly lower than last year.

A number of new accounts were placed on the books during the year including some of the key manufacturers in the rocket and missile program. A substantial quantity of forgings and rings of medium and high alloy steels were produced for jet engines, rockets, and missiles. It is expected that this business will continue at a fairly high level. In addition, a considerable number of aluminum rings were produced for jet aircraft engines.

Although the Government's titanium program has been cut back very substantially, Standard continued its position as a principal producer in the conversion of large titanium ingots to billets and forgings.

The major capital expenditure during the year covered the installation of an electric arc melting furnace with all of the necessary auxiliary equipment, including three car-type annealing furnaces for controlled cooling of the ingots. Seven new gas-fired heat-treating furnaces, arranged for water and oil quenching, were installed, thereby providing adequate heat treating facilities. These new facilities will enable Standard to produce its own ingots of stainless steel and other high alloy types of steel for use in aircraft, guided missiles and other applications.



Pouring a heat from electric melting furnace recently installed at Standard Steel Works Division.

PELTON DIVISION

SAN FRANCISCO 10, CALIFORNIA

William F. Boyle, *Vice President and General Manager*

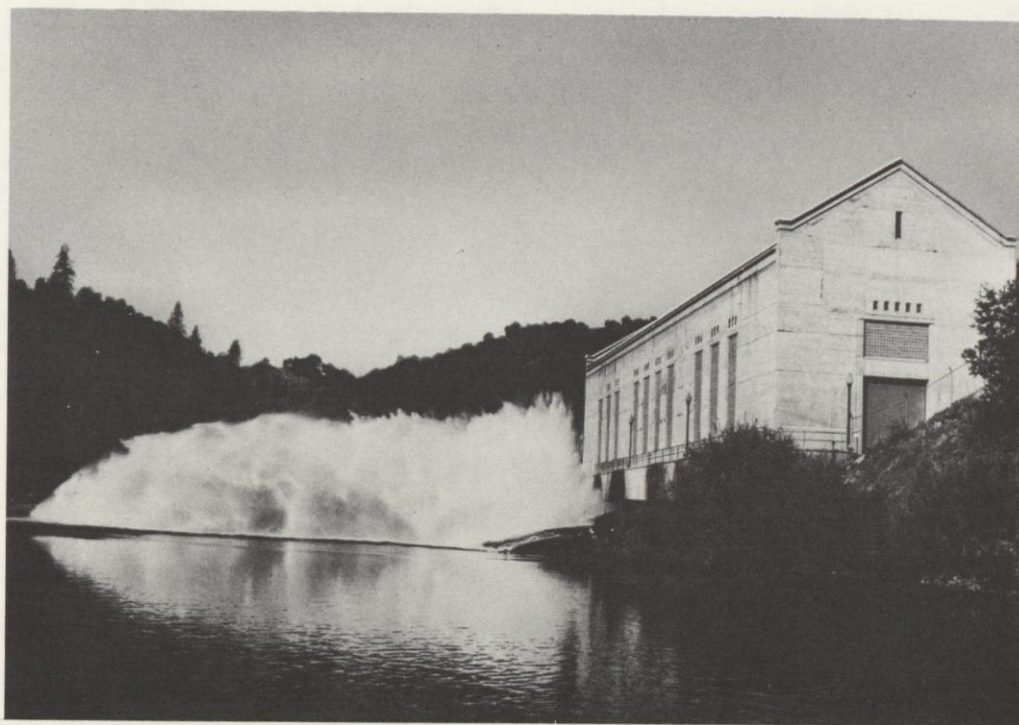
PRODUCTS

Water Power Turbines • Governors and Controllers for Water Power Turbines
Large Centrifugal Pumps • Hydraulic Valves for Power Stations • Butterfly
Valves for Water Works • Surge Suppressors and Air Valves for Waterline
Protection • Water Strainers • Balancing Machines • Flow-Indicator
Alarms • Hydraulic Oil Well Pumping Jacks

Pelton experienced an active year. Noteworthy orders included two 93,500 h.p. turbines for the Canyon-Cherry Development of San Francisco, two 867,000 ft. lb. governors for the Government of Pakistan, and six 40½" x 57" cone type pump discharge valves for the Los Angeles Metropolitan Water District.

During the year deliveries were made of two large turbines for the Pacific Gas and Electric's Poe Plant as well as parts for two other turbines for the same company's Balch Development. Large governors for the Army Engineers Dalles Project were shipped.

In recent years Pelton has made substantial progress in extending its product lines beyond water wheels and turbines. Engineering effort has been directed to the further development of strain-gage type balancing machines, electronic flow-indicator alarms, electric-manual valve operators and a new line of rubber-seated butterfly valves. We have continued research and development on our governor line.



Pacific Gas & Electric Company's Electra Powerhouse, in which are installed three 37,500 h.p. Pelton impulse turbines.

ELECTRONICS AND INSTRUMENTATION DIVISION WALTHAM, MASSACHUSETTS

Robert G. Tabors, *Vice President and General Manager*

PRODUCTS

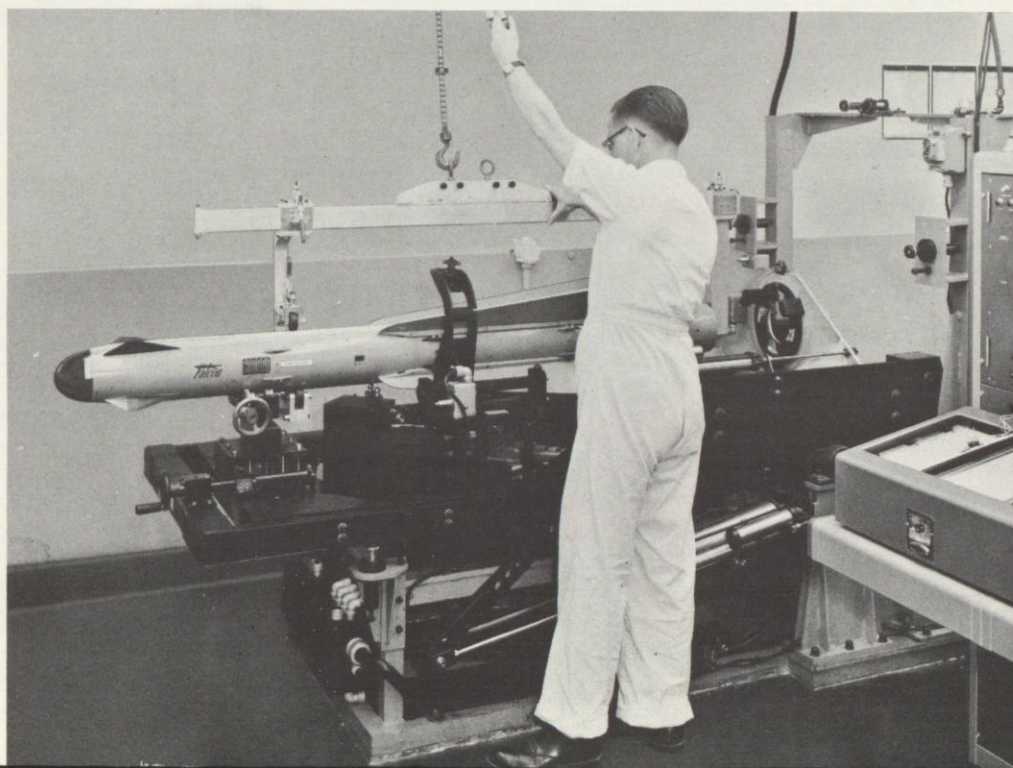
SR-4 Strain Gages • Torque Pickups • Load Cells • Pressure Cells • Associated Electronic Instrumentation • Universal Testing Machines • Fatigue Machines • Creep Machines • Impact Machines • Testing Machine Accessories

You will recall that the operations of this Division, formerly carried on in four separate locations, were consolidated in a new plant at Waltham, Massachusetts.

Foil and wire strain gages (similar products with the same general objectives) have now been grouped into one manufacturing operation. Strain gages applied to mechanical elements, properly calibrated and compensated, make possible the load cell. These cells become the heart of various electrical and electronic systems and our Engineering Department has been busy expanding the applications of such systems. These include torque wrench testers, fork lift truck weighing attachments and systems for batch weighing in industries where weight and/or corresponding volume must be carefully determined. Strain gages and load cells are used in various of our testing equipment. Typical examples are the devices being furnished to aircraft and missile producers for the determination of weight, center of gravity and in certain instances, thrust.

The "Mark G", our newest testing machine development, also embodying a load cell weighing system, permits constant position of specimens in both tension and compression. This machine, shown at the National Metal Congress in Chicago during the past year, is complete with autographic recorders. Included in the control cabinet is an X-Y plotter used in producing families of load-strain curves, and a two-pen recorder for simultaneously plotting time vs. load and time vs. strain.

We should also mention that during the year, we delivered the first of our new dynamic testing machines. These are known as the IVY line and have proven highly successful.



Device for automatically determining center-of-gravity and thrust alignment designed and built by the Electronics and Instrumentation Division for the Hughes Aircraft Company.

CONSTRUCTION EQUIPMENT DIVISION

Henry F. Barnhart, *Divisional General Manager*

LIMA WORKS

LIMA, OHIO

Henry F. Barnhart, *Vice President and General Manager*

PRODUCTS

Power Shovels • Cranes • Draglines • Pull Shovels • Rock Crushing Equipment
Roadpackers

Again in 1957 Lima products were in good demand throughout the world. Of major significance were the gains made in export sales—a 70% increase over 1956. Coal stripping projects in the United Kingdom, utilizing large Lima shovels, and the Pan-American Highway work in Guatemala, employing a considerable number of crushing plants, were important factors in this increased volume.

In this country Lima equipment is being widely used on such outstanding projects as Arizona's Glen Canyon Dam and the huge St. Lawrence Seaway.

Although the Federal Highway program failed to have the expected impact on sales throughout the industry in 1957, we anticipate its favorable effect upon construction equipment sales late in 1958.

Emphasis continues to be placed on research and development at Lima. One of the major engineering accomplishments this year was the completion of a new $1\frac{1}{4}$ cubic yard shovel, designed for complete convertibility to crane, dragline, clamshell, and pull shovel. Also new is a 70-ton rubber-tired crane now in production. Early in 1958, we expect to introduce a $4\frac{1}{2}$ cubic yard unit—an addition to our shovel and crane line that has real sales potential.



Lima cranes placing 76-ton girder, East-West Indiana Toll Road.

AUSTIN-WESTERN WORKS

AURORA, ILLINOIS

Charles M. Lippincott, *Vice President and General Manager*

PRODUCTS

Road Graders • Hydraulic Cranes • Road Rollers • Street Sweepers

Austin-Western motor graders have continued to enjoy excellent customer acceptance. Likewise, the new large Model 60 street-sweeper, introduced just a year ago, is now in volume demand.

New applications and attachments are expanding the use of our hydraulic crane. For instance, we have developed a rail-crane wheel attachment which permits the crane to operate on railroad tracks as well as off the tracks. Another development is a remote control maintenance platform attached to the end of the live boom, allowing the operator to control all functions directly from the work platform. Still another development is a log-grapple attachment, which facilitates the rapid handling of pulpwood in the logging industry.

Our roller-compactor, a dual-purpose machine, consists of a 3-Wheel Road Roller attached to which is a self-contained vibratory compactor that includes its own independent source of power. This unit was first exhibited at the 1957 Road Show and is creating wide interest in the expanding need for a faster and more economical compaction tool.

As a result of experience with several specially designed Austin-Western hydraulic cranes for handling guided missiles, the Air Force awarded us further substantial orders for this type of equipment.

MADSEN WORKS

LA MIRADA, CALIFORNIA

Henry F. Barnhart, *Vice President and General Manager*

Walter Madsen, *Vice President In Charge of Research and Development*

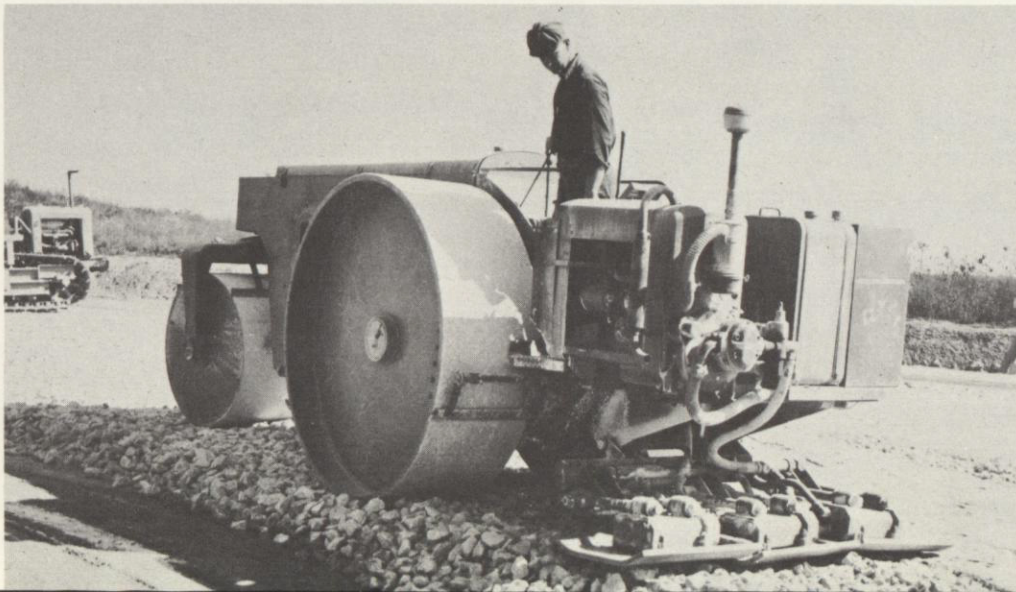
PRODUCTS

Asphalt Paving Plants • Aggregate Dryers and Dust Collectors • Cement Finishers

While 1957 was slightly disappointing in comparison with the preceding year, the Federal Highway program offers prospects for increasing sales of asphalt plants and other road building equipment during 1958.

Research and development have been stressed at Madsen to strengthen our competitive position. A larger twin-shaft Pug Mill Mixer has been engineered, giving Madsen a new line of Mixers ranging from 6,000 to 10,000 pounds gross capacity. Considerable work has gone into the improvement of our aggregate dryer line.

Engineering consolidation has now been completed to enable the Lima Works to manufacture most of the Madsen products for the expanding Eastern market. Conversely, work has been started toward the production of crushing equipment at the Madsen plant. The first crushing plant to be built on the West Coast is scheduled to be completed early in 1958.



Dual-purpose Austin-Western Roller-Compactor which has been approved by the Pennsylvania Highway Department for complete compaction of stone base aggregates up to ten inches thick.

BALDWIN - L I M A - H A M

BALANCE

DECEMBER 31.

ASSETS	1957	1956
CURRENT ASSETS:		
Cash.....	\$5,952,853	\$5,679,526
Trade receivables (less reserve, \$246,000 in 1957 and 1956).....	38,877,642	38,522,938
Mortgages receivable.....	486,750	651,750
Federal income tax refundable.....	—	1,475,000
Inventories at lower of cost or market (less reserve, \$651,000 in 1957 and \$684,000 in 1956)	55,886,467	62,151,357
Prepaid expenses.....	409,423	339,765
Total Current Assets.....	\$101,613,135	\$108,820,336
 TRADE RECEIVABLES—Not due within one year...	 7,095,639	 6,539,509
 MORTGAGES RECEIVABLE—Not due within one year	 1,632,252	 4,013,250
 INVESTMENTS—At cost.....	 475,281	 457,694
 PROPERTY, PLANT AND EQUIPMENT — At cost (less reserve for depreciation and amortization, \$45,358,911 in 1957 and \$44,340,370 in 1956)...	 32,478,329	 31,272,806
	<u>\$143,294,636</u>	<u>\$151,103,595</u>

The Executive Stock Option Plan provides that the Company may grant options to key executives of the Company to purchase not in excess of 200,000 shares of the Company's common stock at prices not less than 95% of market value at the time the option is granted. At January 1, 1957, options were outstanding for 92,550

ILTON CORPORATION

SHEET

1957 AND 1956

LIABILITIES	1957	1956
CURRENT LIABILITIES:		
Notes payable, banks.....	\$ 2,000,000	\$ 18,500,000
Accounts payable, trade.....	10,900,401	14,185,851
Dividend payable.....	652,498	434,359
Advances on sales orders.....	1,275,798	653,421
Provision for taxes on income.....	6,541,360	1,210,713
Other taxes, wages, commissions, etc.....	7,967,293	6,030,609
Total Current Liabilities.....	\$ 29,337,350	\$ 41,014,953
RESERVES FOR PRODUCT GUARANTEES AND OTHER EXPENSES.....		
	1,532,769	2,004,000
SHAREHOLDERS' BOOK EQUITY:		
Common stock, \$13 par:		
Authorized, 5,000,000 shares		
Issued, 4,782,778 shares.....	62,176,114	62,176,114
Capital in excess of par value (including \$8,963 arising in 1957 from sale of treasury stock under employee options).....	26,836,298	26,827,335
Accumulated earnings reinvested in the business	27,289,242	23,033,930
	\$116,301,654	\$112,037,379
Less treasury common stock at cost, 430,793 shares in 1957 and 439,193 shares in 1956..	3,877,137	3,952,737
Total Shareholders' Book Equity.....	\$112,424,517	\$108,084,642
	\$143,294,636	\$151,103,595

shares and 107,450 unoptioned shares were available under the Plan. During 1957, options for 31,150 shares were granted, options for 7,000 shares terminated, and options for 8,400 shares were exercised. At December 31, 1957 options to purchase 108,300 shares for an aggregate of \$1,316,184 were outstanding and 83,300 unoptioned shares were available under the Plan.

BALDWIN-LIMA-HAMILTON CORPORATION

STATEMENT OF INCOME

	1957	1956
INCOME:		
Net sales.....	\$184,369,098	\$195,262,701
Royalties and licenses.....	660,906	405,258
Interest earned.....	771,389	522,074
Net profit on sale of property.....	301,636	144,502
Miscellaneous.....	157,165	210,318
Total.....	\$186,260,194	\$196,544,853
COSTS AND EXPENSES:		
Cost of products sold including engineering, selling and administrative expenses.....	\$167,335,084	\$183,990,368
Depreciation and amortization.....	3,397,322	3,676,840
Contributions for employees' retirement.....	2,984,323	1,854,695
Taxes on income (for 1956 see statement of accumulated earnings).....	5,540,000	2,735,000
Interest and miscellaneous.....	572,920	556,037
Total.....	\$179,829,649	\$192,812,940
NET INCOME.....	\$6,430,545	\$3,731,913
Per share—Outstanding at end of year.....	\$1.48	\$.86

BALDWIN-LIMA-HAMILTON CORPORATION

STATEMENT OF ACCUMULATED EARNINGS REINVESTED IN THE BUSINESS

	1957	1956
Balance, January 1.....	\$23,033,930	\$26,194,109
Net income.....	6,430,545	3,731,913
Special charges:		
Charges attributable to consolidation and re- arrangement of operating facilities, including losses from related disposals of properties and equipment and adjustments of carrying values of parts, drawings and patterns, net of related tax credit of \$4,210,000.....	—	(5,154,658)
(the income account was charged with \$2,735,000 of such credit representing an amount equivalent to taxes on 1956 income, and the balance of \$1,475,000 has been shown in the balance sheet as Federal income tax refundable)		
Dividends declared.....	(2,175,233)	(1,737,434)
Balance, December 31.....	<u>\$27,289,242</u>	<u>\$23,033,930</u>

REPORT OF AUDITORS

To the Shareholders of

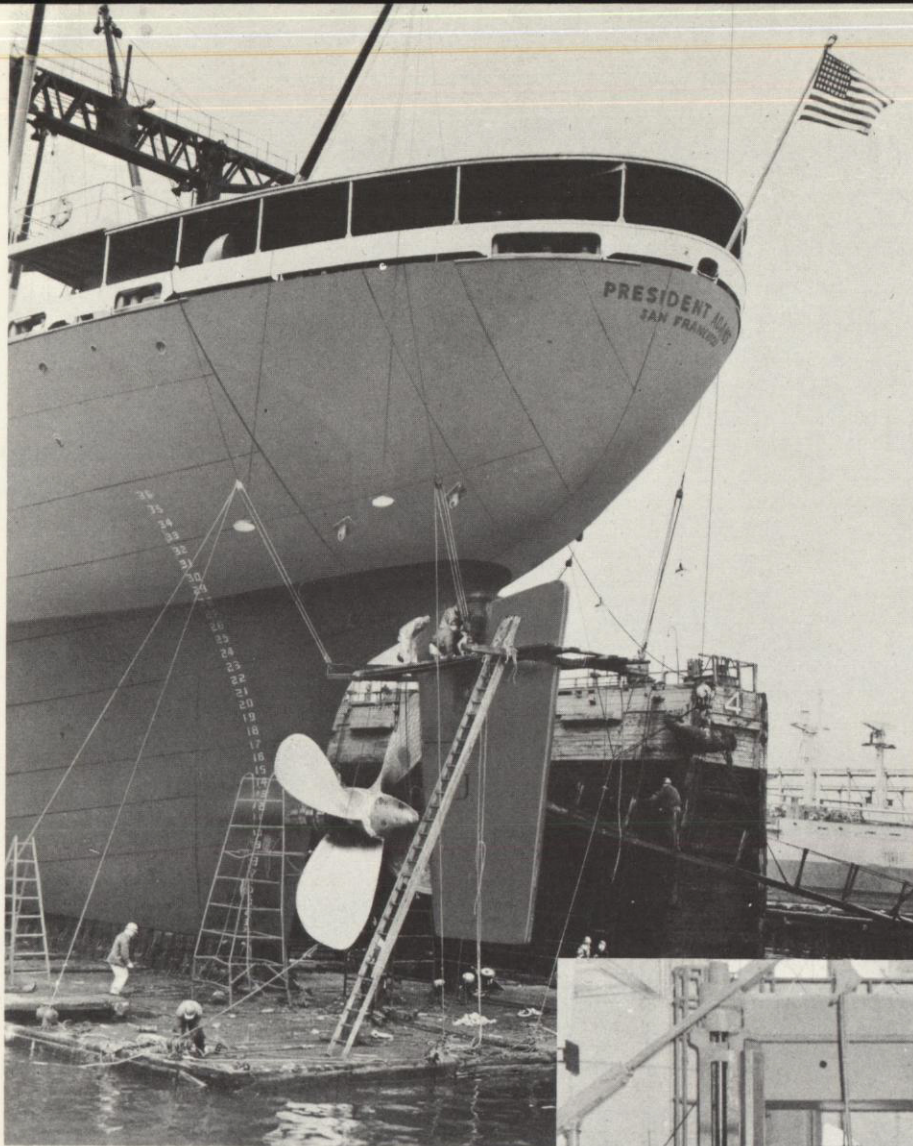
BALDWIN-LIMA-HAMILTON CORPORATION:

We have examined the balance sheet of Baldwin-Lima-Hamilton Corporation as of December 31, 1957, and the related statements of income and accumulated earnings reinvested in the business for the year then ended. We were unable to obtain confirmation of certain amounts due from the United States Government but we satisfied ourselves as to such amounts by other auditing procedures. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

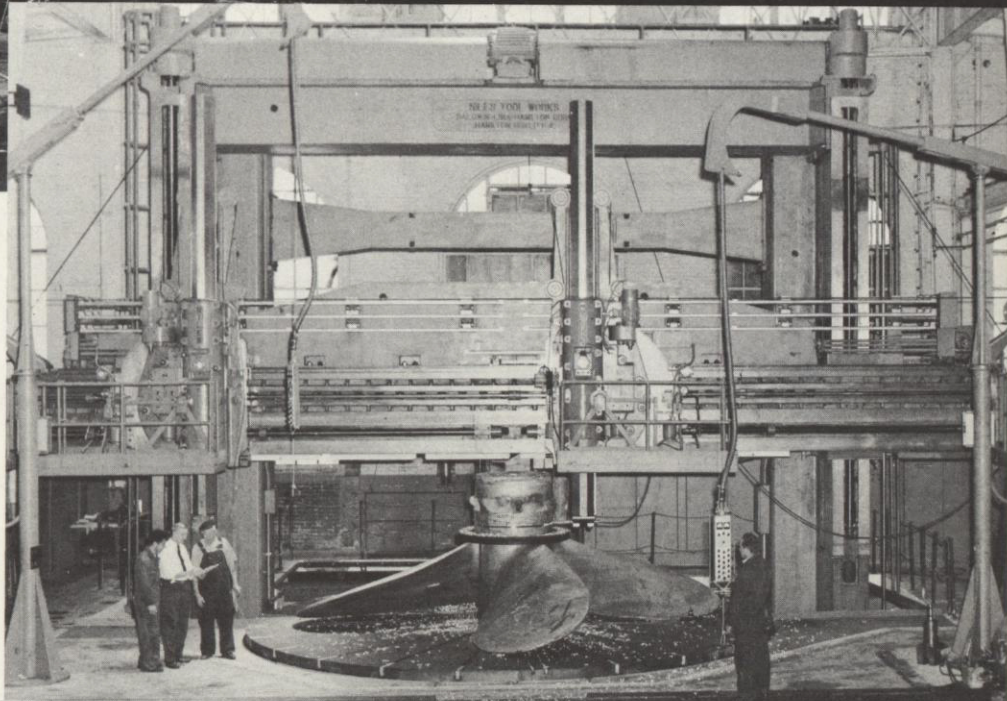
In our opinion, the accompanying financial statements present fairly the position of Baldwin-Lima-Hamilton Corporation at December 31, 1957, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

Philadelphia, Pennsylvania
February 7, 1958

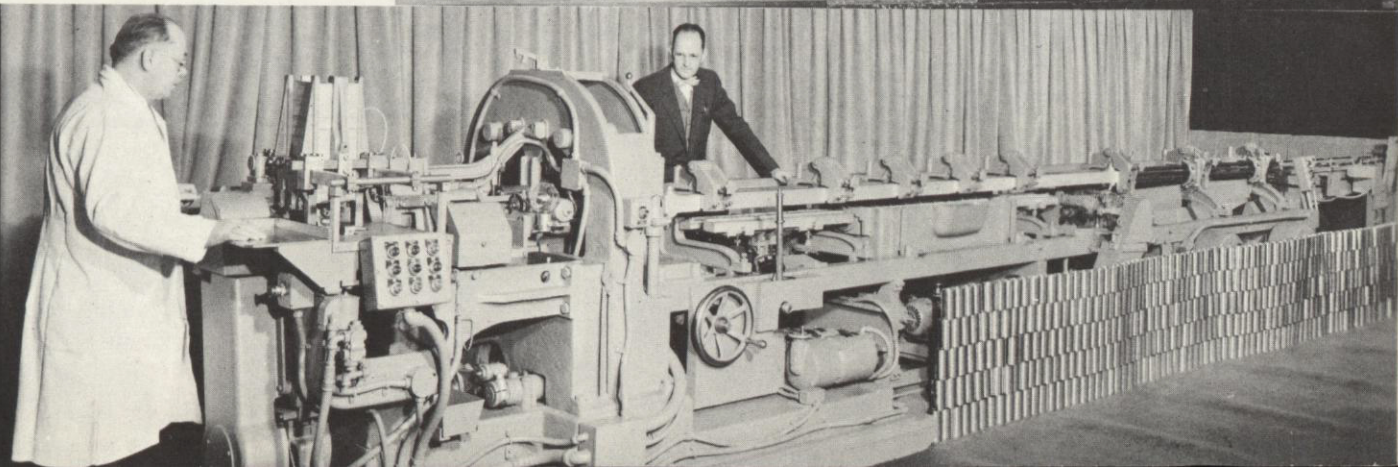


New nialite propeller manufactured by the Eddystone Division, being installed on the S. S. President Adams. Thinner blades are possible with this stronger alloy.



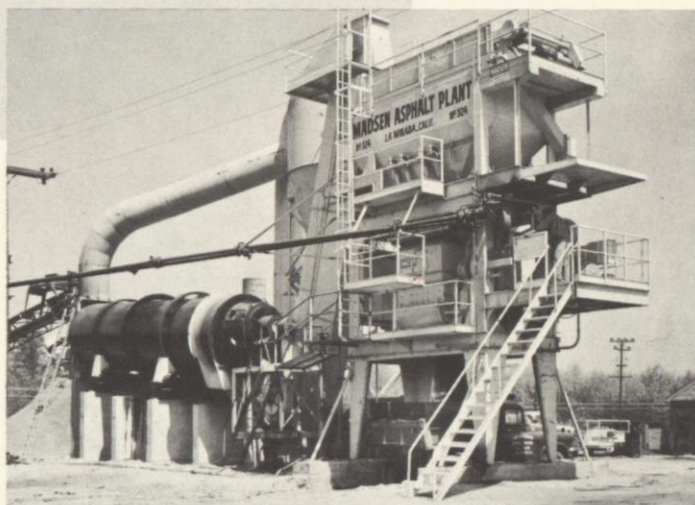
Vertical Boring and Turning Machine with electronic feed built by Hamilton Division for Bethlehem Pacific Steel Company, San Francisco.

Hamilton advanced design of tin can Bodymaker with rate of more than eight per second. One minute's production is shown stacked in front of the machine.





Austin-Western All-Wheel Drive Grader equipped with Plow and Snow Wing clearing mountain pass in Clear Creek County, Colorado.



Madsen 4,000 lb. Asphalt Mixer in operation at Eatontown, New Jersey.

Austin-Western Self-Propelled Hydraulic Crane with 17-foot boom extension removing machine weighing 2,000 lbs. from Company's offices at Aurora, Illinois.



Lima-Austin-Western stationary crushing plant in operation at Logan, Ohio.



BACK COVER

U. S. Corps of Engineers Dam on the Columbia River located at The Dalles, Oregon, in which are being installed 14 hydraulic turbines constructed by the Eddystone Division, aggregating 1,750,000 h.p. Mt. Hood towers in the background.

